Nestle's sales hurting from WHO's infant formula code

By VALERIE MACKIE

Nestle S.A. is losing global market share in its infant formula business largely because it is strictly following United Nations' guidelines and many of its competitors are not, Nestle sources say.

"Our sales have been fairly flat worldwide since we started applying the WHO [World Health Organization] code," said Francois Perroud, a Nestle spokesman in Vevey, Switzerland.

"We have strictly applied the WHO code and others [companies] haven't," Mr. Perroud said.

The WHO code, adopted by the United Nations unit in 1981, recommends that direct advertising of infant formulas be prohibited and that consumers be informed that breast-feeding is usually the best source of food for infants. Critics had charged that Nestle and other formula manufacturers were leading Third World mothers away from breast-feeding to a potentially unsafe consumer product.

There are about 30 major companies selling infant formula around the world, but by far Nestle is the market leader, with an estimated 50% worldwide share.

Three U.S.-based companies also rank in the top tier: American Home Products, Abbott Laboratories and Bristol-Myers. The extent of Nestle's losses are unknown because share figures in developing countries are uncertain.

But because of worldwide publicity aimed at Nestle's marketing tactics, the company not only adopted the WHO code, but a tougher UNICEF code as well.

U.S. companies have adopted the WHO code in developing countries, but none have adopted the UNICEF code, sources say.

The penalty within Nestle for not strictly following the code is "you can get fired," said one Nestle executive in the field.

In Singapore, the local code allows hospitals to receive and dispense infant formula samples supplied by manufacturers, but the WHO code prohibits it.

"It's killing us," said one of Nestle's marketing executives in Singapore. "Most of our competitors still give samples."

Bristol-Myers concedes it does not follow the WHO code in Singapore because "Singapore is a developed country in Asia," said Jerry Parrott, director of corporate public relations for Bristol-Myers.

"If Nestle is losing market share it is through normal marketing dynamics," claims David Jones, vp-pr at Abbott Labs.

The three U.S. infant formula marketers have hired pollster Lou Harris to audit how well they are complying with the WHO code. "We fully expect he'll find areas where we don't comply. We'll try to correct them," Mr. Jones said.#

Newspapers in Singapore

Here is a list of Singapore's seven newspapers. The first four are published by the Straits Times Group and the remaining three are published by Singapore News and Publishing Ltd. NA indicates figures were not available. *Source: Advertising Age.*

Newspaper	Language	Circulation	Full page (b&w)
Straits Times	English	246,000	$5,330
Business Times	English	10,000	$1,600
Berita Harian	Malay	36,600	$1,730
Shin Min Daily	Chinese	87,000	$1,135
Singapore Monitor	English	50,000	$1,475
Lianhe Zoabao	Chinese	100,000	NA
Lianhe Wanbao	Chinese	100,000	NA

Top brewer helps rival stay afloat

By MARY FARQUHARSON

CARACAS—The leading Venezuelan brewer, Polar, is directing and helping finance a rival beer's advertising, promotions and distribution to help the struggling brew remain competitive.

The reason that Polar is helping nearly bankrupt Nacional is to keep the government at bay. With a 1983 market share of more than 90%, Polar is anxious to avoid becoming a monopoly producer, a situation that could pave the way for a government takeover.

Another reason for keeping Nacional afloat is that its higher production costs strengthen Polar's periodic pleas to the government for price increases.

Last year, with only 4% of the market and the U.S.' Citibank moving in to protect a loan made to the company, Nacional's days appeared numbered.

But Polar came to the rescue with expertise and 70% of the funds needed to establish a new company, called Digecerca, to promote and distribute Nacional's beer. Most of Digecerca's staff is on loan from Polar.

Digecerca hired Venezuela's largest ad agency, ARS Publicidad, to handle Nacional's advertising. Polar does not advertise its own beer, though it does advertise a nonalcoholic malt drink called Maltin Polar. Beer advertising is banned on Venezuelan tv.

Nacional's campaign is directed at middle-aged men, an important segment of the beer market, said ARS account supervisor Guillermo Cardenas. The theme of print ads and posters is "De hombre a hombre" ("From man to man"), and $1.7 million has been spent on the campaign in the last seven months.

In addition, Digecerca is organizing beer-tasting sessions in small bars and using point-of-purchase merchandising in supermarkets.

With Polar's help, Nacional has captured 10% of the market and plans to intensify its promotional campaign, sources said.#

Chinese pay tv channel coming to U.S.

By SUE GIRDWOOD

A Hong Kong broadcasting company and a U.S. cable tv operator will introduce a Chinese-language pay tv channel by the end of the year in Southern California.

The new service, called the Jade Channel, will be ad supported and will seek subscribers from about 12,000 Chinese-speaking households in three Los Angeles County communities.

Falcon Cable Television, Pasadena, has signed an agreement with Hong Kong Television Broadcasts Ltd. to introduce the new channel, said John Kobara, Falcon's director of public affairs.

The Jade Channel will serve communities where about 40% of the population speaks Chinese as a first language, Mr. Kobara said. Subscription costs will range from $15 to $20 a month.

The three communities are about 10 miles from Los Angeles. Falcon reaches more than 150,000 households in 65 communities throughout California with a variety of cable and pay tv services.

Unlike most pay tv services, the Jade Channel will be open to advertisers and will offer four minutes of advertising per hour.

The channel will seek local advertisers whose only current outlet to the Chinese community is through the area's large number of Chinese-language newspapers.

The new channel will offer tv programs produced in Hong Kong and Taiwan—shows already familiar to Chinese immigrants—and will feature five hours a day of news and current affairs. The programs will be shipped to Southern California for transmission.

The Jade Channel will offer programing in Cantonese and Mandarin, the two dominant dialects among Chinese in the targeted area. Plans call for one dialect to be transmitted via the tv set while the other will be simulcast on fm radio, Mr. Kobara said. If that plan does not work, both dialects will be transmitted via radio.

Falcon plans to promote the new channel through a series of public relations events in Southern California. Direct mail and newspaper ads also will be used, and initial plans call for advertising to be handled in-house.#

world news roundup

(Continued from Page 3)

its first $1.3 million ad budget to agency Armando Testa, Turin, to promote the product in Italy and in North America.

PARIS—Dow Chemical Co. picked Partenaire to handle its first corporate campaign in Europe starting this year. Ad budget unknown.

HAMBURG—N.V. Philips has moved its $1 million LaserVision videodisc account to Team/BBDO from William Wilkens Agency.

MADRID—Unilever subsidiary Elida Gibbs Ltd. has launched its Timotei shampoo in Spain with a $1 million-plus ad campaign via J. Walter Thompson S.A., Madrid.

ON THE MOVE: Blair Plowman to exec vp and senior foreign representative at Grey-Daiko, Tokyo, from exec vp-account management, Grey, New York, replacing **Mike Agate**, who was named director-client services, Pacific region, at Grey's new Hong Kong office. . .**Peter Haller** to managing director, Foote, Cone & Belding, Berlin, from the same post at McCann-Erickson S.A., Brussels, replacing **Uwe Jens Zimmermann**, who will move to FCB's pr arm, Carl Byoir & Associates.

Merger sidetracks major newspaper war in Singapore

By JACK BURTON

SINGAPORE—The old adage, "If you can't beat 'em, join 'em," holds especially true in Singapore's newspaper industry.

For the past several months, Singapore had been expecting one of the fiercest newspaper wars in Asia to break out when the afternoon *Monitor* announced plans to introduce a morning edition next year that would compete head-on with the *Straits Times*.

A new, broadsheet version of the tabloid *Monitor* was supposed to be unveiled Aug. 5 to provide a first glimpse of the morning edition that would take on the the 139-year-old *Straits Times*, the country's most influential publication and the leading English-language newspaper in the Far East.

But before that could happen, the parent companies of the two rival papers made the surprise announcement that they were merging, thus cutting short the extensive preparations being made for the anticipated clash.

In an official announcement, the Associated Straits Times Cos.—Straits Times Press Ltd. and Times Publishing—and Singapore News and Publishing Ltd., owners of the *Monitor*, said the merger was designed to avoid excessive competition that could financially cripple one or both companies, which are comfortably in the black.

They estimated that if the newspaper war proceeded it would cost them $23 million in duplicated plants and equipment and another $9 million to $14 million to wage the circulation battle itself.

"The feeling was that in a competitive situation we would be fighting each other to death and one of us would lose," said John Orr, chief executive of the *Monitor*. "To avoid that, they decided the merger was the best solution. Although I agree the merger makes sense from a financial point of view, I am disappointed that it will eliminate much of the competition."

Mr. Orr and his *Monitor* colleagues were not the only ones who were disappointed. A day after the announcement, about 80 journalists from the *Straits Times* held a demonstration to protest the decision, and *Straits Times* editor-in-chief Peter Lim was quoted as saying, "Now the question arises again whether there will be further constraints on the press."

Mr. Lim's remarks reflect the prevalent opinion within Singapore that it was not financial considerations alone that forced the merger, but government intervention as well.

"The government thought that expanding the number of newspapers in the morning probably was too much to control, hampering its management of the news," said one industry source.

Although the Singapore press is basically free, it practices some self-censorship to avoid offending the government of Prime Minister Lee Kuan Yew, who runs what sometimes has been described as a "benevolent dictatorship."

One member of parliament told the press, "The way things are going, our newspapers will end up like "Pravda" [of the Soviet Union] and *Renmin Ribao* [the Communist Chinese party daily]."

The merger also comes as bad news to Singapore's advertisers. Ad

(Continued on Page 42)

research beat / BY JACK HONOMICHL

Employe confidentiality on line in lawsuit

CHICAGO—A suit due to be heard here Aug. 27 could be of special interest to research company employes who sign confidentiality agreements with their employers or to any employer that has insisted on such agreements.

The legal considerations being aired in this case, which already is being touted by lawyers as creating "a new rule of law" pertaining to such agreements, are bound to become more commonplace as advanced technology and systems are employed in data collection and processing and research companies feel the need to protect trade secrets from potential competitors.

The wrangle is between Information Resources Inc., the Chicago-based test-marketing company best known for its eight minimarket BehaviorScan system, and a former employe of the company, David Disher.

The main issue is whether, under Illinois law, an employe confidentiality agreement can be invalidated for being too broad. Since almost all of IRI's salaried employes have signed the same agreement as Mr. Disher, the stakes are high. Mr. Disher's attorneys are arguing that the IRI confidentiality agreement was so broadly worded that it was tantamount to a "noncompete" employe contract, which had the effect of tying employes to IRI, even after discharge, in an unreasonable manner.

Noncompete contracts usually have a time or geographical limit and specify subject matter. The intent is to balance the employer's right to protect what are truly "trade secrets" with the right of the ex-employe to earn a living commensurate with his general professional skills.

The IRI confidentiality agreement, said Mr. Disher's counsel, was not limited by time or geography and implied that almost anything an employe learned while at IRI was considered a "trade secret."

For instance, in court testimony, John Malec, chairman of IRI, contended IRI's client list was a "trade secret."

In August, 1981, IRI offered Mr. Disher a job, and he liquidated his market-research business in Cincinnati (a store-audit company called Market Inputs), sold his home, moved his wife and three children and bought a home in suburban Naperville, Ill. At the outset, Mr. Disher was made vp-operations in charge of all market operations of the BehaviorScan system, including market fieldwork, data input and in-market quality control. Salary: $50,000 plus bonus.

In January, 1982, Mr. Disher—along with 300 other IRI employes—was asked to sign IRI's Employe Confidentiality Agreement, which he was told was a non-negotiable condition of employment. Mr. Disher claims he objected, but was afraid not to sign, lest he lose his job. The agreement included this statement: "This Agreement of Confidentiality will survive my employment at IRI."

On April 6, 1983, IRI fired Mr. Disher, who had been promoted to senior vp-market operations and had received a 12.5% salary increase just three months before.

IRI told Mr. Disher he could use the company's offices for 90 days while seeking new employment, but they preferred that he not seek employment at Burke Marketing Services. (Before starting Market Inputs, Mr. Disher was employed by Burke's Market Audits, which among other things handled the fieldwork for AdTel system, a competitor of BehaviorScan.) Later, this restriction was expanded to A.C. Nielsen Co., which has been talking for some time about launching a new test-marketing system that would compete directly with BehaviorScan.

These stipulations were made to Mr. Disher in a letter dated June 22, 1983. Mr. Disher refused to agree, then was told he could no longer use the IRI offices.

Subsequently, Mr. Disher had interviews with Nielsen, which offered him a job as a field operations manager at $75,000 per year. IRI wrote to Nielsen's lawyer about the confidentiality agreements they believed were binding on Mr. Disher, and Nielsen officials considered this a threat to sue if they hired Mr. Disher. Nielsen withdrew the job offer—unless Mr. Disher could get relief in the courts.

Mr. Disher sued in county court, claiming "interference with prospective economic advantage" and asked for damages. However, the damage claim subsequently was withdrawn and has been included in a federal court suit due to start in early 1985. In that suit—under antitrust law—Mr. Disher raises other questions related to IRI stock he acquired while an employe but which he is not free to dispose of. Should Mr. Disher prevail, lawyers close to the case say the settlement—triple damages plus punitive awards and legal fees—could amount to between $4 million and $5 million.

IRI filed a counterclaim to Mr. Disher's county suit. In the original hearing on that claim, IRI won. Mr. Disher appealed, and a merit opinion on May 1 reversed the decision. It called the IRI agreement "palpably unfair" and noted "the probability that plaintiff [Mr. Disher] is entitled to have the agreement declared null and void."

IRI promptly launched an appeal to the Illinois supreme court that is pending.

In the interim, Mr. Disher's suit against IRI starts Aug. 27. Its outcome probably will influence the success of the antitrust suit he has filed in federal court.

IRI president Gian Fulgoni said the probable consequence of the suits, countersuits and appeals is that "if Disher wins, probably 90% of the confidentiality agreements in Illinois will be void." And, he could have added, so will all those signed by IRI employes.

Mr. Disher, 40, has moved back to Cincinnati, and he is now employed by Marketing Research Services. Despite all his troubles, he recently told me, "You know, it may sound funny, but I kinda wish I was still back at IRI."#

Singapore newspapers

(Continued from Page 38)

agencies were particularly interested in the expected competition between the two papers since newspapers received 68% of the $135 million spent on advertising in major media in 1983.

Advertisers were hoping that the newspaper war would force reductions in the rates charged by the *Straits Times*, which grabs a large share of print advertising due to its dominance in a market where those reading the English-language press constitute the most well-educated and affluent segment of Singapore's predominantly Chinese population.

With a circulation of 246,000 on weekdays and 265,000 on Sundays, an estimated 37% of Singapore adults read the *Straits Times*, a figure matching the combined readership of the city's Chinese-language press.

Backed by these impressive numbers, the *Straits Times* charges $5,330 for a b&w page ad, and it frequently jacks up the base rate by charging premiums for particularly desirable ad space and the use of color.

In comparison, the *Monitor*, with a circulation of 50,000 on weekdays and 90,000 on Sundays, charges about one-quarter as much for a tabloid-size ad and one-third for a broadsheet Sunday ad.

One ad executive said that he was looking forward to the competition as one way "to humble the *Straits Times*," which had become arrogant due to its tradition, reach and reader loyalty."

Dennis Khoo, president of the Singapore Advertisers Assn., said that "because of competition between the two newspaper groups, the *Straits Times* has not arbitrarily increased its ad rates. Now the situation may be different."

It was to capture those ad dollars as well as to escape from the stagnating afternoon market that the *Monitor* wanted to publish a morning edition.

Although it still is unclear what the outcome of the merger will be, Mr. Orr predicted that the *Monitor* "will remain in the afternoon and on Sundays, but we won't go into the morning unless it's some type of specialized publication." Plans also call for each newspaper to retain separate editorial and ad sales staffs.

In addition to the *Monitor* and the *Straits Times*, Singapore has one other English-language newspaper, which covers financial issues, one Malay-language newspaper and one Chinese-language publication. All are published by the Straits Times Group.

SNPL also publishes two other newspapers in Chinese.#

Campus Coupons moves

OLD GREENWICH, CONN.—Campus Coupons, the freestanding insert program targeting college students, has moved here from Chicago. Address is P.O. Box 409, 06870.

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Ad-to-sales ratios listed by industry

EVANSTON, ILL.—The eighth annual study of advertising and promotion expenditures of U.S. corporations and industry sectors has been issued by Schonfeld & Associates.

The study covers advertising and promotion expenditures of more than 5,000 individual companies in 258 Standard Industrial Classification industry sectors. It includes ratios of ad spending to net sales and ad spending to gross margin (sales minus cost of goods sold).

The accompanying table from the study contains average 1983 industry ratios. These are commonly used for ad budgeting, but Schonfeld & Associates cautions that within many of the industry sectors individual companies may spend significantly more or significantly less than the average shown here.

The raw data for the study were compiled from 10K reports filed by publicly owned companies with the Securities & Exchange Commission. Therefore, advertising and promotion expenditures often include media and nonmedia spending such as collateral literature, production, etc.

For this reason, consulting companies' figures are often substantially larger than figures from media auditing services such as Leading National Advertisers.

"In some categories, such as alcoholic beverages, there is substantial point-of-purchase advertising. By subtracting media-spending estimates, it is interesting to see how much nonmedia spending there is," said company chairman Eugene Schonfeld.

The study is particularly useful to industrial and business-to-business advertisers, because these companies are not well covered by other reference works. For example, the Schonfeld study contains data on more than 50 electronic computing companies in SIC 3681 alone, plus many related industries such as computer software.

Although data for the study were compiled from published financial statements rather than from surveys, cautious interpretation is required for several reasons.

First, companies may vary in what they include under advertising and promotion expenditures. Second, many large companies are in several fields, yet are listed only in their primary industry sector. Distortion may result because a large subsidiary may not be included in the industry in which it competes. Third, a few large companies are privately held and their figures are not included.

Besides ratios, the complete study forecasts 1984 and 1985 expenditures for each company, including its advertising growth rate, a measure of ad spending stability and Schonfeld's rating of ad effectiveness.

Many of the new high-technology companies that went public during the past two years are covered.

A copy of the 173-page study is available for $275 (or $250 prepaid) from Schonfeld & Associates, 2550 Crawford Ave., 60201.#

Advertising-to-sales ratios, 1983

By industry

Industry	SIC no.	Ad dollars as per cent of sales	Ad dollars as per cent of margin	Annual growth rate (%)
Agriculture Production-Crops	100	2.1	8.7	-2.3
Agriculture Produc-Livestock	200	1.2	4.6	12.3
Metal Mining	1000	.3	1.2	-21.4
Copper Ores	1021	.1	2.1	-39.4
Gold & Silver Ores	1040	.3	.6	34.8
Bituminous Coal & Lignite Mn	1211	.1	.2	1.2
Crude Petroleum & Natural Gs	1311	.1	.3	-5.6
Drilling Oil & Gas Wells	1381	.0	.0	16.7
Oil-Gas Field Exploration	1382	.8	5.0	43.7
Oil & Gas Field Services NEC	1389	1.0	3.1	-17.8
Misc Nonmetallic Minerals	1499	.1	.2	11.8
General Building Contractors	1520	1.3	3.7	16.7
Operative Builders	1531	1.9	12.0	15.3
Gen Bldg Contractors-Nonres	1540	.4	2.8	1.8
Construction-Not Bldg Constr	1600	.9	6.9	-6.0
Construction-Spl Contractors	1700	.4	2.3	10.4
Food & Kindred Products	2000	4.9	16.9	4.9
Meat Products	2010	2.2	15.3	12.5
Dairy Products	2020	3.5	13.3	9.6
Canned-Preserved Fruits-Vegs	2030	5.3	15.0	8.6
Flour & Other Grain Mill Pds	2041	2.3	12.0	8.7
Wet Corn Milling	2046	.2	2.1	-10.4
Prepared Feeds for Animals	2048	8.6	29.4	8.6
Bakery Products	2050	1.8	3.8	-2.1
Cane Sugar Refining	2062	.3	2.5	-.6
Beet Sugar	2063	.2	1.8	-5.3
Candy & Other Confectionery	2065	6.9	17.5	7.6
Malt Beverages	2082	7.3	22.7	18.2
Distilled Rectif Blend Bevrg	2085	6.6	17.1	3.8
Bottled-Canned Soft Drinks	2086	5.9	11.9	6.9
Food Preparation NEC	2099	2.0	5.6	8.3
Cigarettes	2111	4.5	14.6	8.2
Cigars	2121	4.3	7.1	14.9
Textile Mill Products	2200	1.4	7.6	2.4
Knitting Mills	2250	2.6	10.4	-1.8
Floor Covering Mills	2270	1.2	5.0	12.4
Apparel & Other Finished Pds	2300	3.5	10.8	2.8
Lumber & Wood Products	2400	.3	1.5	-.1
Wood Buildings-Mobile Homes	2450	.9	4.6	4.8
Household Furniture	2510	1.9	6.5	9.6
Office Furniture	2520	1.3	4.0	2.1
Paper & Allied Products	2600	.9	3.7	2.1
Convert Paper-Paperbd Pd NEC	2649	2.9	5.9	9.2
Printing Publishing & Allied	2700	1.6	4.9	1.5
Newspapers: Publishing-Print	2711	2.3	5.6	8.9
Periodicals: Publishing-Print	2721	3.5	7.2	—5.5
Books: Publishing & Printing	2731	4.5	7.9	7.1
Commercial Printing	2750	.7	2.2	10.4
Manifold Business Forms	2761	.4	1.2	3.1
Greeting Card Publishing	2771	4.4	7.3	17.6
Chemicals & Allied Prods	2800	1.3	4.7	4.9
Indl Inorganic Chemicals	2810	9.2	24.3	8.0
Plastic Matr Synthetic Resin	2820	1.1	4.2	.1
Drugs	2830	8.4	14.0	8.1
Soap & Other Detergents	2841	7.4	17.9	8.1
Perfumes Cosmetics Toil Prep	2844	9.0	15.2	7.6
Paints-Varnishes-Lacquers	2850	2.6	7.7	7.7
Industriel Organic Chemicals	2860	1.4	6.5	9.1
Agriculture Chemicals	2870	2.7	8.4	66.2
Misc Chemical Products	2890	3.2	9.1	4.6
Petroleum Refining	2911	.2	1.1	1.5
Paving & Roofing Materials	2950	1.5	6.6	2.2
Rubber & Misc Plastics Prods	3000	1.5	6.5	3.9
Fabricated Rubber Prods NEC	3069	.8	2.8	6.2
Misc Plastic Products	3079	1.2	4.3	5.7
Footwear Except Rubber	3140	3.0	8.5	6.5
Leather Goods NEC	3199	3.0	9.1	4.8
Flat Glass	3210	.4	1.1	10.1
Glass Containers	3221	1.3	5.5	-9.7
Cement Hydraulic	3241	.0	.2	-2.8
Structural Clay Products	3250	1.2	3.8	5.7
Pottery Products NEC	3269	1.5	7.5	9.3
Concrete Gypsum & Plaster	3270	.6	2.6	-10.2
Abrasive Asbestos & Misc Min	3290	1.3	4.7	-1.0
Blast Furnaces & Steel Works	3310	1.8	11.5	-23.5
Iron & Steel Foundries	3320	N/A	N/A	N/A
Prim Smelt-Refin Nonfer Mtl	3330	.1	1.9	-7.7
Rolling & Draw Nonfer Metal	3350	1.0	3.4	-.3
Misc Primary Metal Products	3390	.3	1.6	-17.5
Metal Cans & Shipping Cont	3410	3.6	16.9	-16.3
Hardware NEC	3429	6.8	14.1	-2.7
Heating Equip & Plumbing Fix	3430	2.1	5.4	7.5
Solar Energy Equip & Comp	3437	2.4	6.4	9.3
Mtl Doors-Frames-Mold & Trim	3442	1.0	3.4	9.6
Fabricated Plate Work	3443	.9	5.3	-3.4
Sheet Metal Work	3444	.8	3.2	-2.4
Prefab Metal Bldgs & Comp	3448	1.1	5.4	-7.3
Misc Metal Work	3449	1.5	3.5	-9.5
Bolts-Nuts-Screws-Riv-Washrs	3452	.2	.7	11.6
Metal Forgings & Stampings	3460	2.4	7.7	44.4
Ordnance & Accessories	3480	2.8	8.0	25.6
Valves & Pipe Fittings Ex Bras	3494	1.1	3.6	-2.9
Fabricated Metal Prds NEC	3499	.6	2.0	6.6
Engines & Turbines	3510	1.2	4.3	2.8
Farm & Garden Machinery & Eq	3520	1.2	5.1	-12.0
Constr Min Mat Handl Eqp	3530	1.3	4.8	-10.9
Construction Machinery & Eq	3531	2.9	12.4	-25.3
Oil Field Machinery & Equip	3533	.6	1.7	-20.6
Hoist-Indus Cranes-Monorail	3536	1.5	5.3	-11.0
Indl Trucks-Tractors-Trailers	3537	2.0	10.8	-15.6
Metalworking Machinery & Eqp	3540	2.9	8.8	-5.0
Special Industry Machinery	3550	1.7	4.6	3.3
Pollution Control Machinery	3558	.7	2.5	8.2
General Industrial Mach & Eq	3560	1.3	4.3	-12.9
Office Computing & Acctg Mch	3570	1.4	2.4	-4.2
Refrig & Service Ind Machine	3580	.8	3.2	-3.4
Elec & Electr Mach Eq & Supp	3600	2.1	6.8	2.7
Elec Transmission & Distr Eq	3610	.9	2.8	.9
Electrical Industrial Apper	3620	1.0	3.9	-.4
Industrial Controls	3622	.7	2.3	4.7
Household Appliances	3630	2.5	9.6	1.1
Electrical Lighting-Wiring Eq	3640	1.5	4.3	.4
Radio-TV Receiving Sets	3651	3.5	10.7	7.6
Phonograph Records	3652	21.1	46.5	-4.4
Tele & Telegraph Apparatus	3661	1.4	4.3	.6
Radio-TV Transmitting Equip-AP	3662	1.1	3.5	5.5
Electronic Components & Acce	3670	1.0	2.8	8.0
Semiconductors & Rel Devices	3674	2.2	6.9	14.2
Electronic Components NEC	3679	1.5	3.9	5.1
Electronic Computing Equip	3680	1.9	3.5	11.3
Computers-Mini & Micro	3681	5.0	10.0	17.7
Computers-Mainframe	3682	1.3	2.4	12.5
Computer Terminals	3683	2.0	4.2	31.9
Computer Disk & Tape Drives	3684	.9	2.9	18.6
Optical Char-Laser Scanners	3685	.5	1.2	11.4
Computer Graphics Systems	3686	1.1	2.1	20.6
Office Automation Systems	3687	2.0	3.5	23.3
Computer Peripherals	3688	.7	2.3	3.6
Computer Equipment NEC	3689	1.8	3.9	26.8
X-ray, Electromedical Apparat	3693	1.2	1.9	14.2
Robotics	3695	3.4	10.6	14.7
Electrical Machy & Equip NEC	3699	4.9	14.0	1.5
Motor Vehicles & Car Bodies	3711	1.6	8.8	9.8
Truck & Bus Bodies	3713	.5	1.7	4.9
Motor Vehicle Parts-Accessor	3714	1.0	4.6	7.5
Motor Homes	3716	1.1	6.1	16.5
Aircraft & Parts	3720	2.1	5.3	.7
Aircraft	3721	1.5	6.3	-10.3
Aircraft Parts & Aux Equip	3728	.4	1.3	8.2
Ship-Boat Building & Repairing	3730	.6	2.9	15.1
Railroad Equipment	3740	.6	1.6	-35.6
Motorcycles Bicycles & Parts	3750	1.9	10.6	3.8
Guided Missiles & Space Vehc	3760	.1	.5	7.9
Travel Trailers & Campers	3792	1.0	14.3	12.5
Engr Lab & Research Equip	3811	1.6	3.6	10.4
Measuring & Controlling Inst	3820	.9	2.6	-1.4
Industrial Measurement Instr	3823	1.8	4.1	1.5
Elec Meas & Test Instr	3825	1.3	3.1	7.0
Optical Instruments & Lenses	3830	3.9	8.1	6.1
Surg & Med Instruments & App	3841	1.3	3.1	15.2
Ortho-Prosth-Surg Appl & Supp	3842	1.0	3.0	8.7
Dental Equip & Supplies	3843	2.2	5.2	5.4
Photographic Equip & Suppl	3861	3.7	7.9	8.7
Watches Clocks & Parts	3870	2.3	8.4	-19.9
Jewelry-Precious Metals	3911	3.5	9.3	9.6
Silverware-Plateware	3914	3.0	8.9	19.6
Musical Instruments	3931	2.5	11.0	-14.0
Toys & Amusement Sport Goods	3940	6.7	16.7	-14.6
Pens-Pencil & Oth Office Mat	3950	5.5	12.3	1.9
Misc Manufacturing Industrie	3990	3.3	9.7	10.3
Railroads-Line Haul Operating	4011	.1	.9	25.6
Intercity & Rural Hywy Trans	4131	4.0	10.0	19.0
Trucking-Local & Long Distance	4210	1.5	8.2	14.2
Water Transportation	4400	1.2	3.7	-5.4
Air Transportation-Certified	4511	2.0	12.1	11.9
Transportation Services	4700	3.2	15.2	13.6
Telephone Communication	4811	2.1	5.2	19.8
Telegraph Communication	4821	1.4	3.5	26.4
Radio-TV Broadcasters	4830	3.7	9.7	7.1
Communication Services NEC	4890	2.1	7.1	21.1
Cable Television Operators	4891	2.0	3.4	15.5
Natural Gas Transmission	4922	0	.0	-.2
Natural Gas Transmis-Distr	4923	.2	.7	8.3
Whsl-Autos & Parts	5012	4.0	15.5	10.5
Whsl-Lumber & Constr Matl	5030	.3	1.9	1.7
Whsl-Sporting & Recrea Goods	5040	1.1	4.3	8.7
Whsl-Metals & Minerals	5050	2.4	12.4	34.6
Whsl-Elec Apparatus & Equip	5063	.2	1.0	7.1
Whsl-Elec Appliance TV & Radio	5064	7.4	19.5	15.2
Whsl-Electronic Parts & Equip	5065	2.3	8.7	.5
Whsl-Hardwr Plum Heat Equip	5070	5.1	35.9	-.3
Whsl-Machinery & Equipment	5080	1.5	5.1	3.9
Whsl-Scrap & Waste Materials	5093	N/A	N/A	N/A
Whsl-Durable Goods NEC	5099	2.1	7.8	8.6
Whsl-Drugs & Proprietary	5120	.8	5.4	9.9
Whsl-Groceries & Related Pds	5140	.2	1.9	10.3
Whsl-Petroleum & Petro Pds	5170	.1	1.1	-26.2
Whsl-Nondurable Goods NEC	5199	.8	6.8	3.1
Retail-Lumber & Bldg Mat	5211	2.3	8.7	9.2
Retail-Mobile Home Dealers	5270	2.0	11.6	-15.9
Retail-Department Stores	5311	3.1	13.1	8.8
Retail-Variety Stores	5331	2.1	7.2	4.9
Retail-Grocery Stores	5411	1.3	5.8	7.0
Retail-Auto Dealers & Gas Stat	5500	1.4	5.8	13.8
Retail-Apparel & Acces Store	5600	2.4	6.1	12.0
Retail-Womens Ready To Wear	5621	2.1	6.3	12.3
Retail-Shoe Stores	5661	1.6	4.0	10.2
Retail-Furniture Stores	5712	6.8	17.0	5.9
Retail-Hshld Appliance Store	5722	5.4	19.3	13.8
Retail-Eating Places	5812	3.2	15.4	11.4
Retail-Drug & Proprietary Stores	5912	1.8	6.9	10.6
Retail-Jewelry Stores	5944	5.8	15.1	5.0
Retail-Sewing & Needlework	5949	4.4	8.6	13.6
Retail-Mail Order Houses	5961	17.1	39.7	9.9
Retail-Auto Mdsng Mach Oper	5962	6.9	17.8	22.6
Retail-Fuel & Ice Dealers	5980	.8	3.8	-16.7
Retail-Computer Stores	5995	2.8	10.6	61.1
Retail-Stores NEC	5999	2.8	8.3	9.4
Savings & Loan Associations	6120	.5	1.6	12.2
Personal Credit Institutions	6140	1.6	3.5	8.0
Business Credit Institutions	6150	.7	1.1	12.7
Of nance-Services	6199	3.1	15.9	7.4
Security & Commodity Brokers	6200	.7	7.6	8.4
Insurance Agents Brokers	6400	.8	4.0	10.4
Real Estate	6500	2.5	6.8	10.7
Operators-Nonres Bldgs	6512	2.0	5.1	8.0
Operators-Apartment Bldgs	6513	.3	.7	9.7
Lessors of Real Property-NEC	6519	.9	-1.3	11.3
Subdivid Develop Ex Cemetery	6552	2.5	9.8	12.2
Oil Royalty Traders	6792	.1	.1	8.5
Patent Owners & Lessors	6794	8.7	27.4	24.3
Real Estate Investment Trust	6798	1.6	3.0	7.3
Hotel-Motels	7011	2.6	10.0	3.6
Serv-Personal	7200	5.7	17.7	9.7
Serv-Linen Supply	7213	.1	.3	2.3
Serv-Advertising Agencies	7311	.2	1.6	1.7
Serv-Clean & Maint to Bldg NEC	7349	.3	1.9	6.4
Serv-Computer & Data Process	7370	2.0	4.4	17.5
Serv-CMP Program & Software	7372	2.3	8.5	46.9
Serv-Data Processing Svcs	7374	1.5	3.5	20.5
Serv-Computer Rel Svcs NEC	7379	2.1	11.6	18.8
Serv-Research & Developmnt Lab	7391	1.0	7.1	15.2
Serv-Mgmt Consulting & PR	7392	.2	.5	9.1
Serv-Detective & Protective	7393	1.0	2.8	5.8
Serv-Equip Rental & Leasing	7394	3.5	5.0	1.1
Serv-Business Services NEC	7399	3.1	12.7	4.2
Serv-Automotive Repair & Ser	7500	3.0	7.4	9.7
Serv-Motion Picture Productn	7810	9.5	48.7	14.3
Serv-Motion Picture Theatres	7830	4.7	30.3	10.8
Serv-Racing Incl Track Oper	7948	3.9	22.4	11.0
Serv-Misc Amusement & Recrea	7990	4.4	14.5	15.7
Serv-Nursing-Person Care Fac	8050	1.0	5.0	14.5
Serv-Hospitals	8060	.6	2.5	6.7
Serv-Educational	8200	4.7	10.7	16.7
Serv-Engineering & Architect	8911	.7	2.1	-12.7

Legend: SIC - Standard industrial classification. N/A - No data available for this value. NEC - Not elsewhere classified. Ad dollars as per cent of sales - Ad expenditures/net sales. Ad dollars as per cent of margin - Ad expenditures/(net sales—cost of goods sold). Annual growth rate of advertising dollars.

Source: Schonfeld & Associates Inc., 2550 Crawford Ave., Evanston, IL 60201 (312) 869-5556

C-E revs up team for racing clients

WARREN, MICH.—Motor racing interest is back and Campbell-Ewald is revving up its engines.

CECO Communications, a C-E subsidiary, has formed a motor-sports performance marketing group to serve clients with racing interests, including Chevrolet, AC Delco, PPG Industries and Kelly Services.

CECO also will use the group to seek new business from companies with active or potential motor-sports marketing programs, said Larry Giancio, CECO vp-sales and head of the new group.

Mr. Giancio predicted that the CECO group will attract enough business to overtake a similar motor-sports marketing group at J. Walter Thompson Co., Detroit (AA, Dec. 26), which curently bills an estimated $1.5 million a year.

Mr. Giancio's group will draw on Campbell-Ewald for advertising creative services and CECO for pr services.#

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Fashion lines rock to Prince, Jackson beat

By PAT SLOAN

NEW YORK—New fashion lines keying on hot rock stars Michael Jackson and Prince are creating billion-dollar visions for those modern impressarios—fashion licensors—hoping to make clothing the new gold mine for pop music artists and retailers.

But for that gold rush talk to come true, these licensors need to overcome a less-than-total embrace by retailers. The volatility of linking products with personalities, the retailers say, could quickly cool off what's hot today.

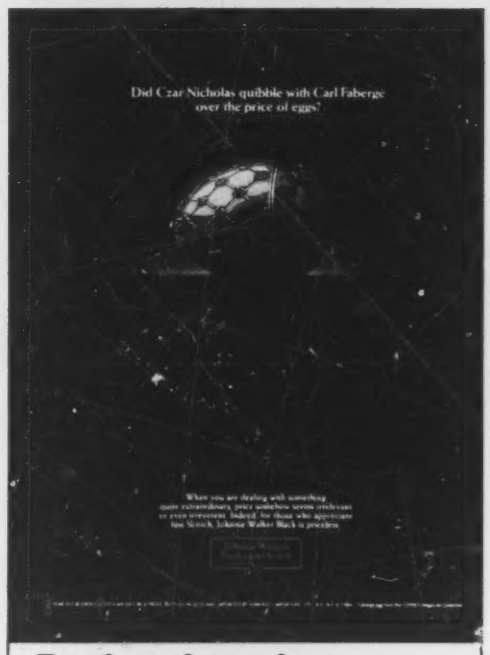
That doesn't quell the unabashed enthusiasm that comes from Bob Michaelson, director of licensing for Stadium Management, the primary Jackson fashion licensor. If Mr. Michaelson has his way, Jackson fans will have to throw out half their wardrobes next year.

At the same time, Licensing Corp. of America is negotiating with potential clothing licensees for the Prince/"Purple Rain" label, pouncing on the unexpected popularity this summer of the autobiographical movie "Purple Rain."

Mr. Michaelson, whose company holds rights to all Jackson clothing except belts, buttons, sweatshirts and t-shirts, soon will announce at least 12 new licensees (AA, Aug. 13).

Their designs, to come out in 1985, will set a whole

(Continued on Page 65)



Paying the price

The latest addition to Somerset Importers' campaign for Johnny Walker Black depicts the brand as expensive but worth the price. The new series breaks in September in consumer magazines. Smith/Greenland, New York, is the agency.

Marketers and athletes make golden match

By ROBERT RAISSMAN

Riding the wave of public interest in the Olympic gold medal winners who graced its channels for the last two weeks, ABC-TV is on the verge of signing a multi-fight contract with champs on the U.S. boxing team, including widely acclaimed welterweight Mark Breland.

Separately, ABC said it will tape an International Medalists Gymnastics Tour that McDonald's Corp. will take to four U.S. cities next month. A one-hour special based on the tour would air later. McDonald's has lined up not only U.S. medalists and team members, but medal winners from Romania and Japan and has invitations pending with Chinese medalists.

U.S. medalists already are touring the U.S. this week on a trip sponsored by Southland Corp., Dallas (AA, Aug. 6).

The ABC deal with young Mr. Breland, expected to be the first Olympic boxer to turn a gold medal into cash, reportedly would be worth as much as $1 million.

As talks took place, two other popular gold medalists, gymnast Mary Lou Retton and marathoner Joan Benoit, also made news.

Ms. Retton, the teen-age pixie from Fairmont, W. Va., signed up to be represented by a gymnastics and sports marketing company. It said she has yet to cut a deal with an advertiser but has had "an unbelievable number of offers."

Ms. Benoit, the women's marathon gold medalist, will be featured in a coupon promotion for Dole pineapple juice and fresh bananas in October, supported by ads

(Continued on Page 65)

Record crowd due at AA Workshop

NEW YORK—A record 1,000-plus attendees are expected when ADVERTISING AGE kicks off its 27th annual Creative Workshop here on Aug. 19.

Participants represent 46 states and 37 countries—including a delegation of 50 representatives from Finland.

The Aug. 19 to 22 workshop here will open with Robert Pittman, exec vp-chief operating officer for Warner Amex Satellite Entertainment Co., discussing the impact of video music on today's youth market. Buttons, posters, balloons and a live performance by jazz-pop band Chicago will be included.

The three days following the opening session will be filled with more than 40 sessions on a variety of subjects addressing all phases of advertising and marketing.

U.S. probes soda pricing

By NANCY GIGES

At least six soft-drink executives and an unidentified "mystery" witness have testified in Baltimore before a federal grand jury investigating possible soft-drink industry antitrust violations.

Convened last March, the grand jury has heard testimony from at least three current and former Dr Pepper executives. Questions pertained to the Dr Pepper and Coca-Cola pricing policies.

Witnesses also were asked about the Coca-Cola link of William Schermerhorn, the former Dr Pepper vp-marketing who joined Coca-Cola USA in April as an assistant to Sergio Zyman, senior vp-marketing.

Even if the investigation goes nowhere, its timing could add to the difficulties already faced by Mr. Zyman, whose domestic soft-drink division has been involved in a struggle with the corporate marketing department headed by Ira Herbert (AA, Aug. 6).

Anthony Nanni, chief of the trial section, Justice Department antitrust division, Washington, confirmed investigations of this type normally come about in two ways, via "studies of our own and from complaints." He would not specify how this one began.

Coca-Cola, Pepsi-Cola and Dr Pepper all said they were aware the investigation was taking place. A spokesman at Atlanta-based Coca-Cola said, "We clearly do not think that Coca-Cola or any employes have done anything illegal." Pepsi-Cola said it was asked for information relating to the investigation earlier in the year, cooperated and was assured it was not a grand jury target. Pepsi has not heard any more from the authorities, a spokeswoman added.

At Dr Pepper, an official was asked about speculation executives of the two companies may have shared confidential information. He said, "Who needs to have a secret rendezvous? We all know what each other is

(Continued on Page 2)

Today to test on-air taboo

By RUTH STROUD

It's a sensitive subject for advertising, but that isn't stopping VLI Corp. from joining the pioneering effort to air birth-control ads on radio and tv.

Irvine, Cal.-based VLI said it is preparing broadcast ads for its year-old Today contraceptive sponge, beginning with radio commercials scheduled to break at the end of the month.

The company and its ad agency, Keye/Donna/Pearlstein, also are working on tv spots—to be produced this month—that will run on cable outlets and independent stations, with a goal of eventual network airing.

VLI's bold strike joins the effort of Thompson Medical Co. in the movement to give contraceptives broader advertising exposure. Thompson began airing spots for its Encare vaginal contraceptive last spring on cable and college radio stations (AA, March 19). It later added six independent tv stations and expects to begin pursuing network acceptance "shortly," a spokesman said.

Marty Johnson, account supervisor for Keye/Donna/Pearlstein, compared the struggle to persuade radio stations to run Today spots to the past experiences of marketers of hemorrhoidal suppositories, feminine protection products and vaginal hygiene sprays. "Some radio stations are open and accepting," she said. "Others say, 'You've got to be kidding!' "

VLI's strategy for Today is to position the product as a breakthrough comparable to the birth-control pill. "In 1960, the pill gave women a new freedom," a woman

(Continued on Page 65)

NEWSPAPER

3

AA
DC20014CONGLI FMJF M
CONGRESSIONAL INFO SERVICE
SRI ACQUISITIONS
4520 EAST-WEST HWY #803
WASHINGTON DC 20014

at presstime

Suntory seeks share of California winery

NEW YORK—Suntory International, the U.S. arm of Suntory Ltd., Japan's giant spirits marketer, plans to acquire a major interest in Chateau St. Jean, a premium northern California winery, sources say. The move is seen as a major effort to exploit the growing Japanese wine market. Suntory, which also owns a share of Firestone Vineyard, a central California winery, refused comment.

Thomson closes book on 'Broadcast Week'

NEW YORK—International Thomson Business Press is folding *Broadcast Week* after 21 months of publication and estimated multi-million-dollar losses. The current issue of the tabloid trade weekly, dated Aug. 13, is its last, publisher Anita Gold said. The tabloid was published by Thomson subsidiary Titsch Communications.

Mondale campaign taps McCaffrey & McCall

NEW YORK—McCaffrey & McCall has been retained by the Mondale-Ferraro campaign to handle an undisclosed media project, a campaign spokesman said. Sources indicated that M&M would be involved in crea-

(Continued on Page 67)

'Where's the beef III' starts from scratch

By SCOTT HUME

Wendy's International is betting that, as McDonald's discovered during the Olympics, there's beef to be found in scratch-card games tied to televised sports.

Beginning the week of Aug. 27, Wendy's will kick off a promotion tied to ABC's "Monday Night Football" telecasts. Game cards distributed in Wendy's will reveal the names of National Football League teams. Customers who have cards bearing the name of the winning team from that Monday's game mail their cards to Wendy's.

Contest winners will be chosen (from among cards sent in) during advertising time on the following Monday night's telecast, drawn by Clara "Where's the beef?" Peller and former Chicago Bears linebacker (and current Miller Lite pitchman) Dick Butkus. Top prize during each of the six weeks the game is scheduled to run will be $20,000 in cash.

On the "Monday Night Football" game of Sept. 17, Wendy's also will break its new two-spot set of "Where's the beef?" commercials.

Wendy's says it will spend about $30 million on the new campaign (AA, Aug. 13), giving "WTB III" the largest ad budget in the chain's history. Wendy's spent only $31 million on tv advertising in all of 1982 (and $50 million last year). The chain's tv spending this year could come close to $100 million.

Wendy's also is betting the payback on the new campaign will approach results of the first and second rounds of "beef" commercials. Wendy's systemwide sales during the first six months of 1984 were $1.16 billion, 32% better than the $875.3 million taken in during 1983's first half.

The $30 million budget for the fall campaign

(Continued on Page 57)

Agency financial results

With all agencies except Ally & Gargano reporting, shops reported lucrative second-quarter and first-half periods of 1984. Only FCB reported a decline in income. Source: *Advertising Age*.

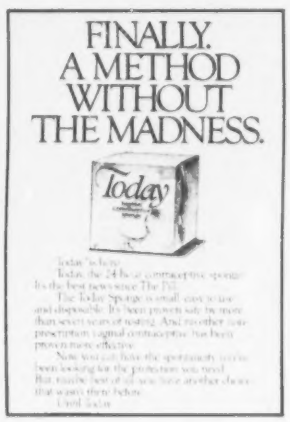
Agency	Income ($000) 1983	1984	(%)	Revenues ($000) 1983	1984	(%)
Second quarter						
BBDO	4,482	6,073	+35	64,554	78,899	+22
DDB	3,689	4,072	+10	51,677	58,633	+13
FCB	4,603	4,482	− 3	59,751	70,224	+17
Grey	3,154	4,159	+32	41,600	55,518	+33
Interpublic	11,584	14,723	+27	156,745	169,512	+ 8
Mickelberry	394	460	+17	21,334	30,929	+45
O&M	3,790	6,376	+68	87,362	110,269	+26
JWT	6,044	6,178	+ 2	117,597	128,053	+ 9
Six months						
BBDO	8,218	11,245	+38	122,310	150,760	+23
DDB	4,829	5,382	+11	95,802	105,305	+10
FCB	4,945	6,452	+30	105,588	128,324	+21
Grey	3,788	5,173	+3	73,362	95,889	+31
Interpublic	13,187	19,567	+48	287,924	315,922	+10
Mickelberry	906	1,261	+39	42,677	57,998	+36
O&M	5,992	9,503	+59	168,459	205,449	+22
JWT	7,103	9,932	+40	220,506	248,848	+13

news summary

Thursday, August 16, 1984

The blood, sweat and tears that resulted in gold medals for U.S. Olympic athletes is paying off again. Boxer Mark Breland and his champion companions are on the verge of signing top-dollar fight contracts with ABC, and gymnast Mary Lou Retton has hired an agent. *See Page 1.*

It's a sensitive subject in advertising, but VLI Corp. is joining the pioneering effort to air ads for birth-control products on radio and tv. The company is preparing broadcast ads for its year-old Today contraceptive sponge. *See Page 1.*



Wendy's will precede its third "Where's the beef?" campaign with a scratch-card game promotion tied to ABC's "Monday Night Football." *See Page 2.*

The Four A's is fighting efforts on two fronts to regulate bank advertising. Both the Federal Reserve Board and the U.S. House are looking to standardize interest-rate information in ads. *See Page 3.*

Miller Brewing is introducing two new brands in an effort to reduce its dependence on the slumping High Life premium brand. The brewer has brought out a low-alcohol brand, Sharp's LA, in five markets, and is breaking a light extension of Meister Brau. *See Page 3.*

A.C. Nielsen Co. will introduce a new market research service next year in Japan. *See Page 3.*

Ford Motor Co. thinks selling cars by computer may be a better idea than simply using salespeople. The company is testing a computerized "selection center" in four of its dealerships. *See Page 5.*

DIRECT MARKETING

A Plainview, N.Y., computer supply company is testing a way to generate customer interest in its catalogs by including miniature catalogs in co-op card packs. *See Page 8.*

SPECIAL REPORT

Metropolitan dailies are facing new challenges from suburban and neighborhood newspapers, alternative publications and free papers encroaching on their territory. *See Page 11.*

A slowdown in the growth of suburbia, tougher competition and changes in society all are affecting suburban papers. *See Page 14.*

"Alternative" newspapers have grown fat delivering the narrow audience that many advertisers seek at a lower cost than they would pay for the dailies. *See Page 54.*

REGIONAL REPORT

Chief Justice Warren Burger likens them to commercials for dog food or cosmetics, but many lawyers are finding that ads for their services are profitable. *See Page 66.*

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U.S. probe

(Continued from Page 1)

doing because of the bottler setup in the normal course of business," a reference to the fact that franchised bottlers frequently handle brands of different companies. About 200 Dr Pepper bottlers handle Coke and another 200 sell Pepsi.

The Dr Pepper spokesman said Mr. Schermerhorn's departure was in no way related to the investigation and that his move was a loss to the company.

Steve Lindbloom, who worked at Dr Pepper until January, 1983, testified for about 20 minutes before the grand jury in April. Mr. Lindbloom now is a brand manager at General Foods' Oscar Mayer subsidiary in Madison, Wis.

Mr. Lindbloom identified one former and one present Pepper exec who he said also appeared before the grand jury, but their appearances could not be independently verified.

Mr. Lindbloom, who believes there is nothing to the investigation, said that while he was waiting to testify, an individual whose identity was unknown to him spent at least six hours on the witness stand. This person left the stand from time to time to seek an attorney's advice and departed after a friendly goodby and handshake with the federal attorneys. Mr. Lindbloom said this suggested to him that the government felt it had grounds to continue the probe.

He said that when asked how pricing changes were made at Dr Pepper and by whom, he testified that such major decisions in relatively small companies like Dr Pepper usually were made at the presidential level. But recommendations came from below.

He said the Coca-Cola name came up in questions about other companies that distributed soft-drink concentrate, but he couldn't recall the other companies identified.

When asked to name all with whom he worked, he said he did so, but he found it interesting that many of those in whom the grand jury seemed interested were not involved in pricing even though that subject dominated the questioning.

Mr. Lindbloom said while at Dr Pepper, he never encountered anyone who was deviously engaged in gathering information in order to preempt a competitor. Dr Pepper could do little with normal gossip in the industry because its moves were so guided by its franchised bottlers. As for price-related industry activity, he said such news normally was circulated among all companies within 24 hours.#

Shops' 2nd quarter strong, but 'goofy'

By STEWART ALTER

While 1984 is continuing, as expected, to be a very strong year financially for public ad agencies, second-quarter results weren't without some surprises in the loss column.

"It basically continues to be a terrific year," commented Alan Gottesman, a vp who tracks the ad industry at L.F. Rothschild, Unterberg, Towbin, New York, "but there are enough goofy goings-on to keep it from being boring."

The "goofy" things to which Mr. Gottesman referred are decreased second-quarter earnings figures for JWT Group and Foote, Cone & Belding Communications, agencies that otherwise had a strong first half. Meanwhile, as the accompanying chart indicates, most other public shops had strong, consistent second quarters.

JWT's second-quarter revenues rose only 9% to $128.1 million while earnings were up only 2% to $6.2 million; however, earnings per share declined in the second quarter to $1.01, compared to $1.08 per share in the similar period of 1983, when there were fewer shares outstanding. FCB's second-quarter revenues were up a healthy 17.5% to $70.2 million, but earnings dropped 3% to $4.5 million. Earnings per share dropped from $1.40 per share to $1.29 per share.

In JWT's case, the explanation seems to be client shifting of spending from the second quarter to the first and third, noted Mary Vandeventer, a vp who follows ad agencies at Widmann, Blee & Co., Narbeth, Pa. For this reason, which relates to FCB as well, she noted, "I think the six-month figures are more indicative than the quarter, and the theme here is that the year looks very strong."

FCB's situation is a bit more complex and involves its merger with NCK Organization last year, which added a substantial $150 million in international billings, and a decline in the value of its stock port-

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Sugar industry stirs not-so-sweet fight

By GAY JERVEY and STEVEN W. COLFORD

The sugar industry, in the midst of preparing a pro-sugar ad campaign, unleashed an attack this week on its nemesis, G.D. Searle & Co.'s aspartame sweetener.

The Washington-based Sugar Assn. asked the Federal Trade Commission to curb Skokie, Ill.-based Searle advertising for NutraSweet and Equal, claiming it is "deceptive."

Meanwhile, the association this month will begin a campaign to promote the positive aspects of sugar.

The campaign will break on radio and in magazines dated October.

North Castle Partners, Greenwich, Conn., is the agency.

The organization's dual actions come as aspartame especially has breathed new life into the low-calorie beverage business.

According to U.S. Department of Agriculture statistics, U.S. consumption of aspartame doubled to 2 lbs. per capita last year alone.

In addition, Searle and producers of NutraSweet products spent about $120 million on ad and related promotional campaigns during the last three quarters of 1983, with 1984 spending likely to double, the association said in its petition to the FTC.

The petition, filed Aug. 14, contends Searle's ads "are misleading in several aspects," Sugar Assn. president J.R. O'Connell said. The petition referred to calorie claims, weight-control claims, dental health and other issues.

G.D. Searle officials were not available for comment.

■ The association is particularly concerned that G.D. Searle's ads falsely imply that NutraSweet and Equal are "low calorie" products, said Norris Bolinback, the association's vp-scientific affairs.

He said the products are not low-calorie items, but rather "high-intensity sweeteners."#